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Latin America Review



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13 September 1985

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Latin America
Review

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As part of their effort to broaden support for the regime and strengthen control over the population, the Sandinistas have reorganized the educational system, extended government authority over private schools, and emphasized the ideological content of instruction.

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Articles

**Cuba-Peru: Castro and Garcia
Compete for Regional
Leadership**

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New Peruvian President Alan Garcia's bid for regional leadership has collided with Fidel Castro's effort to reduce his regional isolation and gain credibility as the spokesman for Latin America's economically distressed nations. The debt issue has become the focal point of acerbic personal rivalry, with both leaders using vigorous diplomacy to gain support for their respective radical proposals. Underlying their differences in ideological and national perspectives is a fundamental clash of egos.

Despite the public feuding between the two men, Garcia probably will follow through on his declared intent to normalize presently limited diplomatic relations with Cuba. Nevertheless, more tangible forms of cooperation will be obstructed by personal enmity. Most analysts believe that the Cuban leader, who has a tendency to react emotionally against perceived slights, might try to incite the far left in Peru against Garcia's leadership if the level of animosity rises. Other analysts, noting the extensive equities Cuba has in Peru, believe that Havana would not resort to such actions at any time in the foreseeable future.

Diplomatic Shadowboxing

Castro, who staked out his position on Third World debt several years ago, seems miffed by Garcia's more recent seizure of the debt issue. The Cuban leader probably views Garcia's rhetoric as a threat to his own strategy for becoming Latin America's debt spokesman. Before Garcia took power, Castro urged the new government to proceed with caution on debt, suggesting that Garcia let others—that is, Castro—take the lead, according to US Embassy reporting. Castro's further recommendation that Peru negotiate with the IMF apparently was a tactical move to undercut Garcia as a competitor.

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Dismissing Castro's proposals as rhetoric, Garcia pointed out that it is Peru and other Latin American countries that have incurred a major debt to the West, not Cuba. A short time later, in a conversation with the US Ambassador, Garcia repeated his criticism of Castro, objecting to the Cuban President's portrayal of the problem as an East-West rather than a North-South issue and declaring his intention not to let Castro wrest leadership from him. Moreover, to combat Castro's initiatives, Garcia requested information on Cuba's foreign debt from the US Embassy.

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Garcia went public with his complaints against Castro during a press conference in mid-July, calling Castro's debt moratorium proposal unrealistic and publicly repeating his earlier contention that debt is a North-South problem. He pointedly added that most of Cuba's trade is with the Soviet Bloc and thus Havana has no real stake in the matter.

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Battling for the Limelight

Both Castro and Garcia viewed the Peruvian President's inauguration as a chance to seize the initiative on regional debt.

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Castro wanted an invitation to the inauguration to enhance his credibility as a regional statesman and give him a chance to win other foreign leaders over to his approach. Garcia, out of deference to the United States and possibly wary of being upstaged by the Cuban leader, did not invite Castro. Garcia probably also wished to avoid complications in his efforts to get as many signatories as possible for the Lima Declaration, a communique embodying his views on debt repayment.

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[REDACTED]

[REDACTED] Describing Peru as one of the most backward countries in the hemisphere, Castro condescendingly offered Garcia his assistance if Garcia was really "serious" about struggling against mass poverty and suffering. An angry Castro had earlier reacted to Garcia's July press conference by downgrading the level of Cuban representation at the inauguration, according to the US Embassy. The official who did attend, Vice President Jose Ramon Fernandez, reportedly had two "difficult conversations" with Garcia and concluded that Peru and Cuba could perhaps be "friends" but not "allies." [REDACTED]

Ego Entanglements

[REDACTED]

Frustrated by over a decade of pariah treatment in the hemisphere, Castro probably views Garcia's regional ambitions as those of a brash upstart. Castro may have mistakenly anticipated playing tutor to the new Peruvian President and was indignant that the youthful Garcia presumed to act on his own without seeking Castro's advice. Castro's inaugural message was probably intended as a slap on the wrist to bring the errant Garcia back into line. [REDACTED]

[REDACTED]

Prospects

Although current feuding between the two leaders may delay restoration of full diplomatic ties, in time each probably will support normalization of relations for different reasons. Ties to a new democratic regime would help to reduce Havana's longstanding regional isolation and promote Castro's sought-after image as a hemispheric statesman. In addition, Castro may find that continuing the bickering would cause problems for him with the USSR. The Soviet leadership probably will remind the Cuban leader not to take any actions that could upset Moscow's goal of expanded influence in Peru. For his part, Garcia probably will come to recognize that a failure to paper over differences with Castro would greatly complicate his own efforts to acquire a leadership role in the Nonaligned Movement. Moreover, a prolonged refusal by Garcia to normalize relations with Havana would cause friction with important leftist groups in Peru. [REDACTED]

Nevertheless, the early clash of egos suggests that tangible forms of cooperation between the two countries will prove elusive. Havana may hope to pressure the Garcia administration toward more radical, anti-US positions through its links to the left wing of Garcia's party, the United Left, a faction of the Catholic Church, or a large Communist-dominated labor confederation. [REDACTED]

If Havana's attempts to influence Lima directly or to exploit internal tensions prove ineffectual, a frustrated Castro might intensify efforts to cultivate ties to Peruvian insurgents. [REDACTED]

[REDACTED] Cuban officials, discussing the potential for Cuban influence in Peru, recently stated their belief that, in the long run, armed revolution is the only way to bring about radical change in Latin America. The Cubans further implied they believe the doctrinaire Maoist Sendero Luminoso insurgent group eventually will play a more important role in Peru than a legal leftist coalition. [REDACTED] Havana has been frustrated by its inability to establish contact with members of Sendero Luminoso thus far. The Cubans, however, have a more natural ideological affinity for the Tupac Amaru Revolutionary Movement. This group, some of whose leaders received Cuban backing

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in the 1960s, probably would accept support from Havana, but we have no evidence that Cuba presently is providing any aid.

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For his part, Garcia has several political advantages in his contest of wills with Castro. Peru and other Latin American debtor nations share a common problem, in marked contrast to Cuba, whose recently rescheduled debt to the West is relatively small. Garcia's proposal to tie debt payments to export levels has some appeal in the region, while Castro's proposal for a debt moratorium has received a cold reception. Moreover, since Castro has no direct stake in the issue, Latin American leaders, typically suspicious of his motives on most issues, may doubt his sincerity.

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Although leaders of major Latin debtor nations, such as Mexico and Argentina, have privately expressed strong reservations about the wisdom of Garcia's approach, they almost certainly admire his courage. If economic conditions in the hemisphere deteriorate further, and contribute to widespread popular discontent, Garcia's stock may rise rapidly as others come to view him as a more credible regional spokesman than Castro.

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**Caribbean:
Labor Unrest**

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Strikes in several Caribbean nations over the past few months reflect mounting union dissatisfaction with the imposition of austere economic policies. Although government countermeasures have so far succeeded in keeping a lid on labor dissidence throughout the region, the area's dim economic outlook suggests that worsening labor troubles are likely in most Caribbean countries. Moreover, opposition leftists will attempt to take advantage of deteriorating economic circumstances by urging trade unionists to switch traditional party allegiances. To the degree these efforts are successful, popular support for the conservative administrations now dominating the region would be sharply reduced and political tensions would rise. []

Recent Labor Agitation

The most serious example of a labor backlash over austerity occurred in Jamaica this summer. Following weeks of small-scale, sporadic work stoppages, a three-day general strike in late June by public-sector workers protesting low government wage offers and increased layoffs—at least 6,000 during the last two years—nearly paralyzed the nation. According to press reports, the strike, shutting down utility services and schools throughout the country, was the most serious labor action in over 40 years. Kingston was particularly hard hit, according to the US Embassy. Although private-sector workers did not join the action, commercial activity also was seriously affected. Tourist areas on the island's northern coast that are major generators of foreign exchange, however, were relatively unscathed. []

We believe Prime Minister Seaga's repeated unwillingness to consult with union leaders over harsh economic adjustment measures contributed to the unusual solidarity among Jamaica's disparate unions. For the first time in recent years, leaders of the ruling Jamaica Labor Party's union affiliate, the Bustamante Industrial Trade Union, dropped their longstanding reluctance to press Seaga openly to modify his austerity program and joined other unions

in the strike, according to press and US Embassy sources. We believe their willingness to cooperate with the union affiliate of the leftist leaning People's National Party, the National Worker's Union, was the key to the strike's early success. []

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Labor unrest also intensified elsewhere in the region during June and July:

- In the Dominican Republic, leftist-backed unions called a nationwide work stoppage in mid-June to protest President Jorge Blanco's veto of a minimum wage increase for public-sector workers. The strike was effective in several small interior cities, according to US Embassy reports, but bickering among union leaders limited its success elsewhere.

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- In Suriname, bauxite workers at the Royal Dutch Shell-owned Billiton operation held a work slowdown to back up their demands for a 13-percent wage hike.

- In the Netherlands Antilles, a proposed across-the-board wage cut prompted demonstrations by unions that government officials feared might turn violent.

- In Martinique, striking electrical workers cut power to parts of the islands. []

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Government Response

Regional decisionmakers have employed varying tactics to prevent labor unrest from spreading. Jorge Blanco compromised to avoid a confrontation even though labor unions in the Dominican Republic are relatively weak. On the eve of a second planned general strike supported by all major labor confederations in July, the President agreed to raise public-sector wages. In the Netherlands Antilles, head of government Peters followed a different tactic, quickly postponing implementation of the wage cut and proposing a tax increase instead. []

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Caribbean Labor Unions: A Brief Overview
Government-Labor Relations

Labor unions in the English-speaking Caribbean have long had a close relationship with area governments. According to academics, unions provided the political leadership for many of these countries as they approached and obtained independence. Currently, Prime Minister Compton of St. Lucia and Prime Minister Bird of Antigua are trade union leaders turned politicians. Most unions are allied with political parties. In Jamaica, for example, the Bustamante Industrial Trade Union has been the political backbone of the ruling Jamaican Labor Party for over 40 years. Likewise, the National Worker's Union has long been the arm of the opposition People's National Party; party leader Michael Manley is the union's president.

Elsewhere, labor's political influence has been more limited and labor-government relations frequently have been adversarial. In the Dominican Republic, Rafael Trujillo, who ruled from 1930 to 1961, ruthlessly crushed all union activity. Trujillo's successor, Joaquin Balaguer, paid lipservice to the cause of independent labor, but continued to use repressive tactics. Leaders of the ruling Dominican Revolutionary Party, although doubling the number of unions officially recognized to nearly 1,000 and raising minimum wages with greater regularity than previous administrations, have kept tight control over union activities. In Haiti, the Duvalier regime has only recently allowed unions to begin organizing. The Bouterse regime in Suriname has relied on force, coercion, and intimidation to try to eliminate organized labor as the only remaining challenge to its rule.

Membership

Reflecting strong labor-government ties in the English-speaking Caribbean, unions draw from a

large share of the work force. According to academic studies, union membership in Guyana, Jamaica, Barbados, Trinidad, Dominica, and The Bahamas ranges from 25 to 34 percent of the work force. Only Suriname, with about 30 percent of its workers belonging to unions, approximates this share elsewhere in the region. Indeed, only 12 percent of the Dominican Republic's labor force is unionized, according to the US Embassy. Less than 1 percent of Haitian workers belong to unions.

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Labor-Management Relations

Because unions in the English-speaking Caribbean have long been closely related to the principal political parties, labor-management relations usually have been characterized by mutual respect. Management generally has recognized and bargained with unions. Strikes, while more frequent now than they were 10 years ago, normally are not occasions for violence. The nonconfrontational characteristics of labor-management relations in the English-speaking Caribbean, according to academic studies, results in part from the absence of comprehensive labor codes in most of these nations. As a result, labor-management relations are predicated more on custom and practice than legal precedence.

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Elsewhere, however, legal codes have restricted labor's effectiveness. In the Dominican Republic, for example, unions have little leverage to use in conflicts with management. Labor laws clearly favor business interests, and the right to strike is severely restricted. Moreover, restrictive legislation—such as the law requiring unions to have at least 20 members, in a country where most businesses have less than 10 employees—hinders the potential for rapid union growth.

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Other leaders took a tougher tack. Jamaica's Seaga, despite the strong political influence of organized labor, refused to negotiate until the striking workers returned to work, according to the US Embassy. As enthusiasm for the strike waned, Seaga hardened his

stand, withdrawing offers to talk with union spokesmen, ordering additional layoffs, and authorizing disciplinary action against recalcitrant

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strikers. He also deployed security forces to operate key public services. Union leaders, stymied by the Prime Minister's moves, decided to "suspend" strike action. For his part, Surinamese leader Bouterse, after originally endorsing labor's moves, withdrew his support and urged workers to end their slowdown. Without the backing of the Surinamese strongman, the union had little choice but to at least temporarily quiet their demands for a wage boost. [redacted]

Opposition Moves

Minority parties on the left clearly are trying to take advantage of growing union frustration to enhance their own chances at the polls. In our view, opposition strategists have focused on winning labor support as the key to challenging the political status quo. For example, the US Embassy in Kingston indicates that Michael Manley's People's National Party tried to use the recent strike to promote a longtime goal by generating labor pressure on Seaga to call early elections. At the same time, US officials indicate that leftists in Dominica courted labor heavily in the general election last July. According to US officials, separatist groups in Guadeloupe have successfully exploited the island's racial tensions and high unemployment in spearheading proindependence demonstrations and labor strikes in July. [redacted]

Leftists in the Dominican Republic probably have made more progress than their counterparts elsewhere in expanding support among unionists. According to US Embassy officials, various factions of the left control some 30 percent of unionized labor. [redacted]

Leftist efforts to shore up their traditionally weak links with organized labor are being bolstered by outside aid. The Marxist Worker's Party of Jamaica, [redacted] received \$40,000 from North Korea to help build links with disgruntled unionists. Recognizing the crucial role of labor unions in most Caribbean political systems and their loss of influence with most area governments, Havana recently has sponsored several conferences of regional labor groups. Similarly, Moscow has made overtures toward unionists in Suriname by inviting them to attend a conference in the USSR. [redacted]

What Lies Ahead

We believe deteriorating economic conditions will continue to disrupt labor peace in the Caribbean over the near term, but several factors will limit labor's willingness to use confrontational tactics. US missions throughout the Caribbean indicate that the principal concern of many workers is job preservation. It is generally understood that excessive wage demands could well force employers, particularly multinational firms with competitive options elsewhere, to shut down. In some countries, factionalism among the various unions will work against concerted action. [redacted]

Nevertheless, most workers are unlikely to mute their responses to sacrifice indefinitely. Those in the oil-based economies—particularly Trinidad and the Netherlands Antilles—are unaccustomed to the harsh austerity we foresee in the next few years. Because we doubt that an emphasis on job preservation will suffice for long during a period of protracted stagflation, rank-and-file pressure for more militant stands is likely to grow. For their part, many union leaders, anxious to prevent inroads by radical organizers, are likely to press employers and governments alike to implement more expansionary economic policies. We believe any restructuring of traditional union-party alliances will be gradual, but the current trend is likely to continue until the region's economic deterioration is reversed. [redacted]

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Mexico-Japan: Improving Economic Ties

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Mexican President de la Madrid's planned visit to Japan next month will underscore the importance Mexico City attaches to its economic relations with Tokyo. Japan is Mexico's largest trade partner after the United States, and, in our view, de la Madrid almost certainly will urge the Japanese to buy more Mexican goods, increase technology transfer, and step up direct investment. Japanese Prime Minister Nakasone probably will pledge to maintain imports of Mexican oil at least at present levels.

The Japanese almost certainly will express interest in selling more goods to Mexico as a means of offsetting Japan's trade deficit. Although Tokyo is interested in significantly expanding its investment links with Mexico City, the Japanese, in our judgment, will not supplant the United States as Mexico's premier trade partner and source of capital in the foreseeable future.

Background to the Visit

The visit, now scheduled for 6-9 October, will be the first to Japan by a Mexican head of state since former President Lopez Portillo went to Tokyo in October 1978. Then Prime Minister Ohira reciprocated with a visit to Mexico in 1980, the year in which Japan first purchased Mexican oil. Trade between the two countries rose rapidly during the next two years. Mexico's imports of Japanese goods fell sharply in 1982 as a result of Mexico's economic crisis, however, and they have remained low since that time. Mexico's sales to Japan have been largely unaffected, with the result that Mexico has run a substantial trade surplus with Japan since 1982. Last year, for example, the surplus amounted to almost \$1.4 billion.

Mexico City has demonstrated in a variety of ways the importance it attaches to this trip. De la Madrid's original itinerary included a state visit to China, but that portion was canceled last month. Although

Mexico's "pressing domestic matters" were cited as the reason, it seems more likely that de la Madrid viewed improved ties with Japan as his foremost objective. In addition, planning for the visit has been under way for over a year, according to the US Embassy in Tokyo. Top-level officials have traveled between the two countries on frequent occasions, and a high-level commission to promote long-term economic cooperation has been established.

Financial Concerns

The Japanese are likely to afford de la Madrid a warm welcome and praise him for the politically unpopular belt-tightening measures his administration has adopted in an effort to put its economic house in order. They will suggest that the manner in which Mexico has dealt with its financial crisis, notably its cooperation with the International Monetary Fund and other international creditors, makes it a model for other Third World debtor states. The Japanese almost certainly are aware that Mexico City is likely to miss some key IMF performance targets this year, but, in our judgment, Tokyo will not dwell on these problems.

De la Madrid, for his part, will express appreciation for Japan's recent assistance in helping Mexico to reschedule approximately \$49 billion owed commercial lenders. Twenty-eight Japanese banks holding approximately \$4.6 billion of the debt are participating in the new multiyear rescheduling agreement, according to the US Embassy in Tokyo. De la Madrid probably will ask Tokyo to encourage Japanese banks to make additional loans to Mexico. He will stress, as he did in his recent State of the Union address, that Mexico's financial problems are far from over. He is also likely to note that the debt burden of Mexico and other Third World states must be viewed as a global concern and one that defies solution by any single nation.

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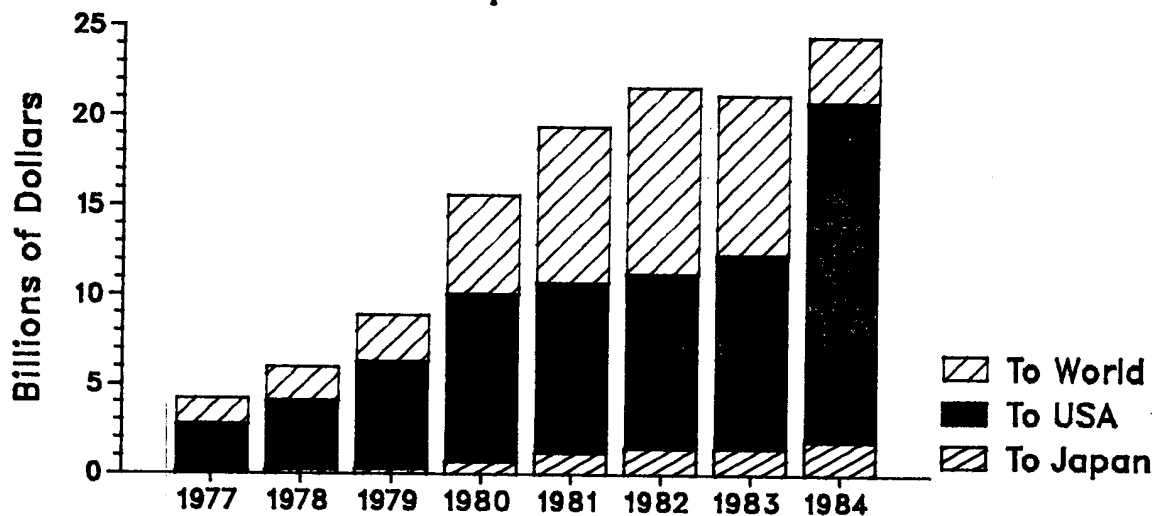
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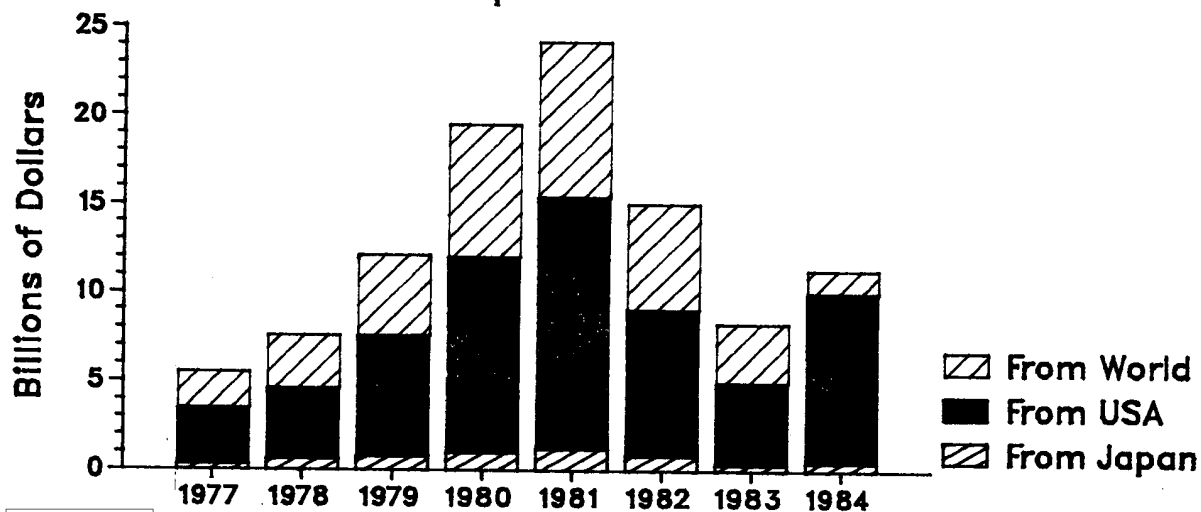
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Trends in Mexican Trade

Exports



Imports



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Oil Policy

De la Madrid probably will assert that Mexico's continuing economic difficulties necessitate close cooperation with Japan on oil-related issues. Mexico City values Tokyo's purchases of Mexican petroleum both because of the revenues such sales generate, which amount to well over \$1 billion annually, and as a means of diversifying its customers. Japan is currently the third-largest purchaser of Mexican oil, after the United States and Spain. Nonetheless, in recent years Mexico has supplied no more than 5 percent of Japan's petroleum needs. []

Last April, at Mexico City's urging, Tokyo formally agreed that over the next 12 months it would buy up to 160,000 barrels of Mexican crude per day (130,000 of light crude and 30,000 of heavy), a volume comparable to what the Japanese have contracted for over the past several years. Nonetheless, we know from diplomatic reporting that the Japanese have long been displeased with the prices Mexico City charges Tokyo for its oil, and they are likely to make their views known directly to de la Madrid during his visit. It is possible that de la Madrid may accommodate Tokyo's concerns on this issue. []

[] The Mexican President might, for example, offer reduced prices in exchange for agreement by Japan to increase oil purchases. []

De la Madrid probably will meet with some success in attempting to secure a Japanese commitment to help finance a new oil pipeline, part of the so-called Pacific Petroleum Project, that would run from oil-producing areas of southeastern Mexico across the country to the southern Pacific coast port of Salina Cruz.

According to the US Embassy in Tokyo, de la Madrid is likely to seek \$500 million in Japanese credits for construction of the pipeline, which would make it possible for Japanese ships to load all their purchases of Mexican petroleum in the Pacific. []

Nonoil Trade

De la Madrid and Nakasone will want to discuss prospects for expanding nonoil trade during the visit. Brazil and Mexico are the primary markets for Japanese imports in Latin America. Major Japanese exports to Mexico include heavy machinery, automobile parts, iron and steel products, electronic equipment, chemicals, and scientific and optical instruments. Major Mexican exports to Japan, in addition to petroleum, are raw cotton, silver, salt, shrimp, and fish. []

Nakasone and other Japanese officials probably will voice satisfaction with steps Mexico City has taken recently to stimulate trade. In the past several months, the de la Madrid administration has eased import restrictions, adopted more realistic exchange rates, and indicated it intends to join GATT. Japan's leaders will urge de la Madrid to take additional steps to promote a more market-oriented economy and to open the Mexican market to foreign competition. The Japanese also will ask the Mexicans to increase purchases of Japanese goods, which declined by more than two-thirds in value between 1981 and 1983 alone, to at least pre-1982 levels. De la Madrid, for his part, will emphasize that Mexico will be in a better position to do this if Japan and other industrialized nations assist Mexico in its economic recovery. He also will call on the Japanese to buy more Mexican goods to further this end. []

Investment Issues

De la Madrid will appeal for greater Japanese investment as a means of fostering technology transfer, creating employment, and boosting exports. Japanese investments and joint ventures in Mexico are now concentrated in the steel, electric, electronic, and chemical industries, according to the US Embassy in Tokyo. The single largest Japanese investment in Mexico to date—well over \$300 million—has been in the Sicartsa steel complex,

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which is owned by the Mexican Government, in the Pacific coastal state of Michoacan. []

Tokyo is likely to announce new plans by private Japanese firms to invest in Mexico during de la Madrid's visit. Japanese businessmen probably regard Mexico as having considerable potential because of its large labor pool and proximity to the US market. Mexico City's decision earlier this year to accept the proposal of a major US computer firm to invest in Mexico, while allowing it to retain full equity ownership, is an action that Tokyo almost certainly regards favorably. Nonetheless, according to the US Embassy in Mexico City, many Japanese businessmen will proceed cautiously before investing in Mexico because of losses on previous investments, bureaucratic redtape, the pervasiveness of corruption, and uncertainties about quality control, labor relations, and economic management. []

Political and Cultural Issues

Although Central America will be an important topic, political concerns are likely to be secondary in the talks between de la Madrid and his Japanese counterpart. In the past, Japan generally has not displayed much interest in the politics of the region and has followed the US lead on Central American matters. In recent months, however, Nakasone has publicly emphasized that Tokyo is not taking sides on disputes in the region. He has done so to counter criticism from opposition members of the Diet, according to the US Embassy in Tokyo. De la Madrid almost certainly will reiterate his view that the problems of the region can best be dealt with through negotiations. He may encourage Tokyo to urge Washington to renew bilateral talks with Nicaragua and work toward a peaceful resolution of differences. He is likely to ask the Japanese to increase their economic assistance to Managua and other governments in the region, suggesting that much of the present turmoil is the result of poverty and social injustice. In response, the Japanese may express general agreement with the Mexican leader's comments without committing themselves to concrete action. []

The two leaders also probably will discuss ways to expand cultural and technical cooperation, and they may sign a formal agreement. In recent years,

according to the US Embassy in Mexico, more than 1,500 Mexicans have received training in Japan, and approximately 200 Japanese technicians have been sent to Mexico to provide assistance in a variety of fields ranging from agronomy to metallurgy. []

Prospects

If successful, de la Madrid's visit to Tokyo, much as Lopez Portillo's seven years ago, may mark a watershed in bilateral relations. Both countries realize there are longer term benefits to a growing economic relationship. As a result, the formal agreements concluded between the Mexican and Japanese leaders, while important, will be more significant because of the foundation they lay for future cooperation. []

During his visit, de la Madrid almost certainly will try to convince the Japanese that he is sincere in his efforts to open the Mexican economy to greater foreign competition and to promote foreign investment. He is likely to stress that Mexico City views Tokyo as an important alternative or supplement to the United States for trade, technology, and capital. []

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**Mexico-United States:
Unfriendly Stance at the
United Nations**

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Mexican President de la Madrid has on many occasions publicly expressed the desire to improve relations with the United States. Nonetheless, in recent years, Mexico City has aggressively opposed Washington in the United Nations, both in debate and on formal votes. The Mexican delegation has appeared to relish the opportunity publicly to criticize US-backed resolutions and to flaunt its independence of Washington. During the last General Assembly, according to the US Mission, Mexico's voting record was nearly indistinguishable from that of the USSR and other countries openly hostile to the United States. Mexico's stance reflects the leftist bias of the Foreign Ministry, in our judgment. De la Madrid, for his part, may view it as promoting Mexico's image in the Third World and helping to balance the relatively conservative policy course his administration has been pursuing at home. Although the Mexicans have told US diplomats they will consult more closely with Washington and tone down their anti-US rhetoric after the 40th General Assembly opens later this month, we do not believe Mexico City will significantly alter its pattern of voting.

The Mexican Record

In the last General Assembly, which ended in December, Mexico's overall record of agreement with the United States was the lowest of all Latin American countries except Cuba and Nicaragua, according to the US Mission. The United States agreed with Mexico on only 3.9 percent of the plenary votes and only 2.4 percent of votes overall.¹ Moreover, Mexico's voting diverged further from that of the United States in 1984 than in the preceding year, when comparable figures on agreement were 16.7 and 13.7 percent, respectively. In contrast, Mexico and the USSR voted together on 90.7 percent of plenary votes in 1984 and 82.4 percent in the previous year.

¹ Voting agreement is calculated only on those issues where both countries voted yes or no. Abstentions are not included. "Plenary" votes are those involving the entire General Assembly. Votes of the various committees are included only in the "overall" vote totals.

**Percentage Vote Agreement With
Mexico in the General Assembly**

	Yes-No Votes			
	1984		1983	
	Plenary	Overall	Plenary	Overall
United States	3.9	2.4	16.7	13.7
India	100.0	100.0	100.0	100.0
Yugo- slavia	100.0	100.0	100.0	100.0
Cuba	96.4	97.7	88.1	89.0
USSR	90.7	82.4	86.4	86.8

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According to the US Mission, the Mexican delegation in recent years has often been more critical of the United States in UN debate than have representatives of other countries, including India and Yugoslavia, which are leaders in the Nonaligned Movement and generally considered less supportive of Washington.

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Issues

Mexico and the United States have taken opposing stands on a variety of issues. During the last General Assembly, for example, the Mexicans engaged in what US diplomats have termed name-calling, endorsing resolutions that singled out the United States for condemnation. Such direct criticism by name is contrary to UN practice and precedent, according to the US Mission.

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Mexico also opposed the United States on a number of issues outside the Latin American context, including disarmament and South Africa. The

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Mexicans were unhelpful, according to the US delegation, on questions related to a nuclear freeze, the prevention of nuclear war, and "nuclear winter." Even when they sided with the United States in condemning "foreign intervention" in Afghanistan, Mexico's activist UN Permanent Representative, Porfirio Munoz Ledo, implicitly attacked Washington for aiding Afghan freedom fighters, according to the US Mission. The Mexicans also endorsed a resolution condemning alleged US and Israeli nuclear cooperation with South Africa. Munoz Ledo publicly defended the Mexican position, while even diplomats from the Soviet Union and Eastern Europe remained silent on the issue. []

On issues closer to home, Mexico was no more helpful. Its delegation lobbied on behalf of a Nicaraguan draft resolution on Central America, according to the Mission, rather than a more balanced one supported by other members of the Contadora Group. More generally, the Mexican delegation acted as an advocate for Managua in the international forum rather than the honest broker on regional matters Mexico City claims to be. At the same time, Mexico applied a double standard in the United Nations on human rights. Although the Mexicans supported tough resolutions denouncing human rights practices in El Salvador, Guatemala, and Chile, they declined to pass judgment on abuses in Nicaragua and Cuba. []

Mexican Motives

The leftist bias of the Foreign Ministry and, in particular, of Mexico's UN delegation, in part explains the country's UN voting pattern. The Foreign Ministry has traditionally been a leftist preserve, and de la Madrid may view it as politically prudent to allow leftists relatively free rein on foreign policy at a time when he is pursuing moderate domestic policies. Munoz Ledo, who has served at his post for seven years, is a former Minister of Education and was once the head of Mexico's ruling Institutional Revolutionary Party, giving him considerable influence within the government and party leadership. []

Mexico City probably views its posture in the United Nations as enabling it to burnish its Third World credentials and play a leadership role in the

Nonaligned Movement. The fact that Mexican rhetoric at times is among the most strident within the United Nations may, from the Mexicans' perspective, serve to differentiate their policies from Washington's. []

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Mexico City probably reasons that other issues in bilateral relations are more important to Washington than Mexican behavior in the United Nations. This view has led the de la Madrid administration to adopt positions in the United Nations antagonistic to the United States with the expectation they will have little impact on broader relations. In our view, the Mexicans see their display of independence as costing the United States little, since Washington can effectively block any UN action detrimental to its interests. []

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In some instances, Mexico's voting record also may be explained by more specific concerns. In the case of Nicaragua, for example, Mexico City probably identifies with Managua's revolutionary aspirations and defends the Sandinista cause in the United Nations and elsewhere in part to maintain influence with the fledgling regime. []

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Prospects

In recent months, Mexican UN and Foreign Ministry officials have assured US diplomats they want to consult more closely during the coming General Assembly. Perhaps more important, senior Mexican officials have indicated they will eschew "name-calling" during the session, and President de la Madrid, who plans to address the body in September, has privately informed Washington that Munoz Ledo will be replaced in the near future. Recent Embassy reporting indicates that Munoz Ledo is maneuvering to maintain his position, although de la Madrid probably will offer him a desirable post if he agrees to bow out quietly. []

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In our judgment, however, Mexico appears unlikely to shift its pattern of voting significantly. The Mexicans will use more frequent consultations primarily to explain their positions on issues, and they will argue that it is Washington, rather than Mexico City, that is out of step with other UN members. Even Mexico's

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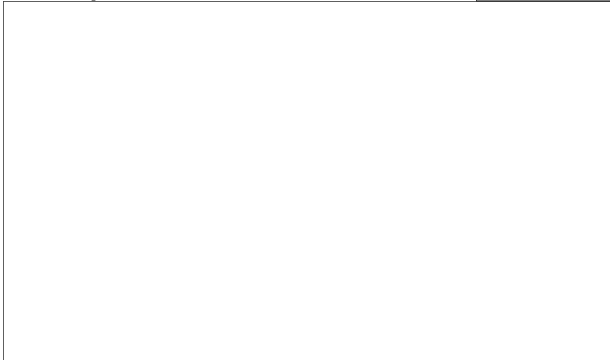
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appointment of a new permanent representative probably will not greatly alter its voting, which will in all likelihood continue to reflect prevailing views within the Foreign Ministry. The fact that de la Madrid is increasingly adopting pragmatic economic policies at home will, if anything, make it more difficult to adjust Mexico's UN voting in ways Washington views as positive.

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More generally, we believe that Mexico City's performance in the United Nations, barring strong pressure from Washington, will remain inconsistent with the Mexicans' stated desire to pursue close and friendly relations with the United States.

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Nicaragua: Sandinista Education Policy ☐

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Recognizing the importance of education in broadening support for the regime and solidifying control over the populace, the Sandinistas—with Cuban and Soviet Bloc assistance—have expanded and reorganized the educational system, extended government authority over private schools, and emphasized the ideological content of instruction. Despite strong protests from parent and church groups, regime efforts to dominate education are almost certain to continue. ☐

Since coming to power in 1979, the Sandinistas have increased educational services as a means of cultivating popular support. By 1984, according to official statistics, the education budget had risen dramatically and school enrollments had doubled. In 1980, the regime organized a massive, five-month literacy campaign that not only served educational purposes but also mobilized young supporters and contributed to political indoctrination. Some 75,000 secondary and university students and international volunteers taught basic skills to over 400,000 persons, mostly in rural areas. Subsequently, Sandinista planners developed a follow-on adult education program. Although government claims to have reduced the national illiteracy level from over 50 percent to about 13 percent are almost certainly exaggerated, the US Embassy notes that even critics credit these efforts with delivering rudimentary education to thousands of people. Recently, however, government officials have acknowledged an increasing illiteracy rate, low academic performance in schools, and a shifting of resources away from education to defense, according to press reports. ☐

A Political Agenda

We believe the regime views education as a tool for social change. In public statements, Sandinista leaders have stressed the responsibility of the educational system to create “a new man, with a new mentality” to carry out the goals of the revolution. According to press reports, the regime has planned a political education program for primary grades that will consist of two hours per week of formal

Textbook Ideology

Nicaraguan texts at all levels are replete with anti-US, anti-imperialist, and pro-Sandinista rhetoric:

- *From a teacher training manual on methods to make students politically aware:*

“If five Sandinista Popular Army troops fought with 15 ‘Contras’ who were stealing from the peasants and killed all 15, how many ‘Contras’ did each soldier kill?”

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- *From a ninth-grade history text discussing Mexico:*

“The occupation and plundering of territory by the United States has given birth to a deep anti-imperialist consciousness in the Mexican people.”

- *From the reading primer, Los Carlitos:*

The letter “C”: “Carlos Fonseca . . . the founder of the FSLN [Sandinista National Liberation Front].”

The letter “D”: “Defense . . . the valiant militia march on the plaza. All have rifles in their hands. The militia are from the people. The people are ready for defense.”

The letter “J”: El Ejercito [the Army] . . . defender of our country . . . it will never again allow intervention by foreign armies.”

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The letter “Q”: “Yanqui. Sandino fought the ‘Yanquis.’ The Yanquis are always vanquished in our country.”

The sound “GU”: “Our Vanguard, the FSLN, guided and guides the struggles of the people.”

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"patriotic" instruction to instill revolutionary values, employing such methods as peace marches and military-style games. []

[] students are required to be members of an approved revolutionary organization, such as a neighborhood watch committee, in order to register for high school. [] Marxist ideas are taught in all areas of the curriculum—for example, slogans memorized as drills in language classes, and mathematics problems worded to show Marxism as superior to "imperialism." Students are required to read the official Sandinista newspaper *Barricada*, but are not allowed to dissent. []

Sandinismo and the Universities

The regime also has moved to gain control over the country's institutions of higher learning. The creation of a Ministry of Higher Education with expanded responsibilities in 1983 ended the autonomy of public universities. According to US Embassy sources, control mechanisms include an admissions quota system—determining the number of students from each of the country's departments, with rural regions given priority—and abolition of elective courses. The regime has increased emphasis on technical training and made volunteer community service, such as helping with harvests, part of course requirements, according to press and US Embassy reporting. []

[] only Sandinista youth groups are allowed to organize at the universities—including privately owned ones such as the Jesuit-sponsored Central American University. Students who fled to Costa Rica have told the press they experienced abuse and classroom interference from Sandinista supporters. Many professors reportedly have left the country. []

Cuban and Soviet Bloc Roles

[] Havana has been a key player in the transformation of Nicaraguan education. Cuban teachers began arriving in late 1979 and soon totaled 2,000. Most were repatriated earlier this year as part of a Sandinista gesture to downplay ties to Cuba, but the Cuban advisory presence in the Ministry of Education continues. In addition, Havana has printed textbooks, helped build schools, and

provided instruction in Cuba for an estimated 4,000 to 5,000 Nicaraguan youths since 1980. Cubans also have played key roles in planning the literacy campaign and reorganizing the educational system, according to press and US defense attache reporting. []

[] Cuban trainers have provided Sandinista educators with guidelines for incorporating ideology into course work []

A number of other socialist countries—the USSR, Bulgaria, East Germany, Czechoslovakia, and Hungary—have provided scholarships to Nicaraguan students. Moscow alone has trained hundreds of Nicaraguans. The East Germans also have participated in development of educational material, teacher training, and teacher exchanges, and have invested nearly \$4 million for developing a polytechnical institute, according to the US Embassy. []

Parental and Church Reaction

The issues of control over education and the setting of educational goals have sparked resistance from parents' groups and the Catholic Church, according to the US Embassy. In 1979 and 1980, parents in the Atlantic coast city of Bluefields demonstrated against the Cuban presence, unqualified teachers, and the incorporation of Communist doctrine into the classrooms. [] As early as 1981, some 60,000 parents formed an association to protest the teaching of Marxist concepts, which they argued would undermine Christian education. In mid-1982, regime intervention in an administrative appointment for a Church-sponsored school spawned parent protests, a threatened school boycott, and violent student demonstrations in a number of cities—resulting in at least three dead, a number of injuries, and numerous student arrests, according to US Embassy and press reporting. Subsequently, Managua backed down in an effort to mollify the Church, and a pastoral letter from the Nicaragua Bishops' Conference reaffirmed the Church's right to its own educational institutions. More recently, the Bishops labeled government intervention in teacher selection a threat to the autonomy of such schools. []

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Although the regime occasionally has retreated in the face of vigorous parent and church opposition, Managua is taking strong steps to suppress such complaints. [redacted]

[redacted] in May the President of the Union of Parents' Associations of Christian Schools—representing some 32 Catholic and Protestant religious schools—was arrested and beaten. Despite his subsequent resignation, leaders of the opposition coalition reportedly are pressing other members to continue with plans for a national assembly on education. In another example of the regime's growing intolerance for dissent, security officials used pointed threats to dissuade business leaders from holding a national "Private Sector Day," according to US Embassy reporting. [redacted]

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Outlook

The Sandinistas almost certainly will hold fast to their educational policies. We anticipate further efforts to tighten controls over such matters as faculty selection and curriculum at both public and private institutions, with continued emphasis on political indoctrination at all levels. Although more protests from parent groups and the Church are likely, the regime probably will try to keep them from becoming confrontational. Moreover, such resistance has little chance of changing the Sandinistas' determination to put education at the service of the revolution. [redacted]

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**Latin America
Briefs**

Argentina**Peronist Infighting Intensifies**

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Squabbling among the factions of the diverse Peronist movement—still Argentina's leading opposition party—has intensified since the “unity” congress in July. At that meeting an alliance of old-style bosses representing Peronism's extreme leftists and rightists defeated moderate leaders seeking to reform and democratize the party. Since then the reformists have regrouped and attacked the official party hierarchy. Last month, party First Vice President Vicente Saadi was ousted from his post as leader of the Peronist bloc in the Senate by a coalition of reformist Senators and disgruntled provincial chiefs, and in the Federal District of Buenos Aires a young reformist leader bested the official Peronist slate in internal party elections. The most potentially divisive conflict has occurred in populous Buenos Aires Province, a Peronist bastion long dominated politically by the party's controversial rightwing Secretary General, Herminio Iglesias. Reformist party members in the province have spurned Iglesias and are planning to run an “independent” Peronist ticket in the Congressional elections scheduled for early November.

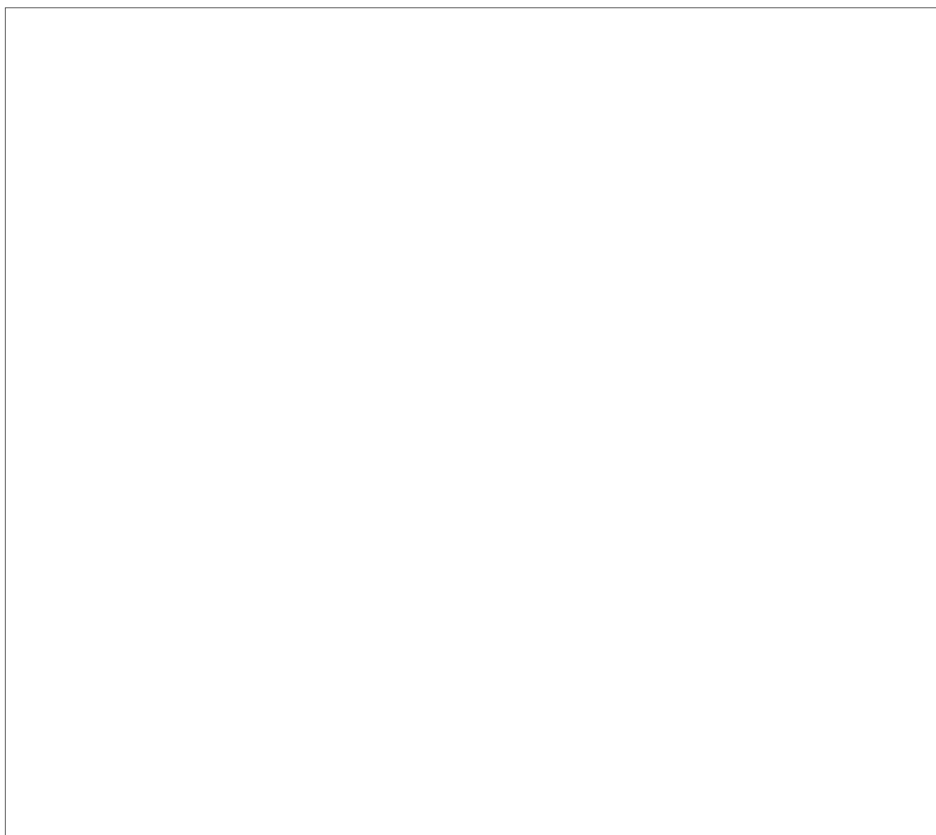
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The events of the last two months have confirmed that the unity achieved in July was paper-thin. The reformists continue to snipe at the official Peronist leadership, but they lack the unity and strength to mount a successful nationwide challenge to the party bosses. Meanwhile, the party hierarchy remains dominated by discredited old-guard politicians such as Saadi and Iglesias, who are alienating the independent, middle-class, and centrist voters responsible for much of Peronism's past success. Academic studies show that the party now almost exclusively consists of urban industrial workers and the rural poor—dwindling segments of the electorate. According to several polls, only 10 to 15 percent of the voters intend to support the Peronists in the November elections—less than half the total now backing President Alfonsin's Radical party. Although we expect Peronism to do somewhat better than these polls indicate, the party almost certainly will suffer a crushing electoral defeat that will make its reconstruction a long, arduous, and uncertain process.

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Guatemala**Economic Adjustments Put on Hold**

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Five days of rioting in Guatemala City following the announcement of busfare increases are likely to be used by the Mejia government to justify avoiding any economic adjustments prior to the presidential election on 3 November. Chief of State Mejia, according to US Embassy reporting, believes the risk of social unrest outweighs the need for policy reform. The government—in consultation with the IMF—is preparing an economic package to be introduced after the election but before the civilian president takes office in January, according to the Minister of Finance. Although the government and the IMF may reach agreement on the need to devalue the Quetzal sharply, IMF demands for deficit reduction will be more difficult given strong private-sector opposition to even modest tax increases. Moreover, Mejia's decision to back down in the face of public protests by rescinding busfare hikes and promising public-sector wage increases will make it more difficult for a newly elected civilian government to make and sustain unpopular adjustments.

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Grenada**Investment Problems**

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As Grenada approaches the second anniversary of the US-led intervention, the country's inability to attract significant foreign investment is compounding the island's severe economic problems. The Grenadian Government has tried to promote new investment by selectively offering tax breaks and other incentives to potential investors. Grenada's appeal to foreign business, however, is diminished by its weak physical infrastructure, inadequately trained labor force, and vivid memories of the country's political instability, according to Embassy reporting. The government desperately needs new investment to ease serious liquidity problems and to reduce the island's 35-percent rate of unemployment. As a result, the government is considering additional measures to try to lure foreign business. If the poor economic situation persists, public support for Prime Minister Blaize could be seriously undermined.

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Barbados**Severe Economic Problems**

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The Barbadian economy—formerly one of the Caribbean's few strong performers—faces no more than 1-percent growth in real GDP in 1985, following four years of decline. As a result, real output at the end of this year is likely to be less than 95 percent of the 1980 peak. According to the Barbadian Central Bank, the country's sharp drop in foreign exchange earnings is largely due to continued low world prices for sugar, the country's leading export. Manufacturers also are posting reduced sales due to intraregional trade disputes and high wages that have deterred potential foreign investors. Moreover, the strong US dollar is continuing to hurt tourist receipts as travelers opt for more affordable European vacation spots. To cover the island's financial shortfalls and stem the economic decline, the government has borrowed heavily at home and abroad; Barbados' external debt increased from \$132 million in 1980 to \$360 million by the end of 1984. Moreover, according to Prime Minister St. John, the economic slowdown has caused the rate of unemployment to top 19 percent—a 10-year high. Continuing economic difficulties will heighten St. John's political woes and boost chances for an opposition victory in the next national elections, constitutionally due by March 1986.

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Secret**Cuba Chronology**

July 1985

1 July

The Council of State announces the release of Humberto Perez Gonzalez from his post as Vice President of the Council of Ministers and Minister President of the Central Planning Board.

Council of Ministers Vice President Jose Lopez Moreno is appointed Minister President of the JUCEPLAN and Raul Cabrera Nunez, Minister of Construction.

Reuters reports that Havana is considering a major government shakeup including a more prominent role for Fidel Castro's younger brother, Raul, and a new Foreign Minister.

2 July

Bolivian Minister of Social Services and Public Health Dr. Javier Torres Goitia arrives in Cuba and is greeted by his counterpart, Sergio del Valle.

He decorates Fidel Castro with the Bolivian Health Order and thanks Cuba for donating an intensive care unit to the La Paz children's hospital.

Fidel Castro presides over the party's 12th plenum. A decision is made to postpone the Third Party Congress until 4-7 February 1986.

Deputy Director of the Communist Party Central Committee's Foreign Affairs Department Eloy Valdes arrives in Addis Ababa. He meets with Ethiopian party official Ashagre Yigletu.

President of the National Assembly Flavio Bravo receives British parliamentarians George Foukes and Robert Jackson to discuss the unpayable Latin American foreign debt.

4 July

Fidel Castro discusses the political situation, foreign debt, and the creation of the new international economic order with the 650 Cuban delegates who will attend the 12th World Youth and Student Festival in Moscow.

5 July

Fidel Castro sends a congratulatory message to Cape Verdean President Aristides Pereira on the occasion of the 10th anniversary of Cape Verde's independence, reiterating his determination to strengthen cooperation.

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8 July

A water quota assignment plan is implemented in Havana to counter the prolonged drought that has hurt agriculture throughout Cuba.

Vice Foreign Minister Ricardo Alarcon arrives in Argentina. In an interview at the airport, he says the subject of Latin America's foreign debt will be discussed with Argentine officials.

Fidel Castro presides over the eighth regular meeting of the National Assembly of the People's Government.

The National Assembly of the People's Government approves the release of Deputy Jorge Lezcano from his post as Assembly Vice President and ratifying Severo Aguirre to replace him.

Addressing the American Bar Association, President Reagan characterizes Cuba, Iran, Libya, North Korea, and Nicaragua as "a confederation of terrorist states."

At the National Assembly meeting, Fidel Castro responds to President Reagan's address to the Bar Association, calling Reagan crazy and deranged.

Havana press announces that Fidel Castro, in a lengthy interview with publisher Jeffrey Elliot and US Congressman Mervyn Dymally, says Cuba's relations with the United States have worsened since Reagan took office.

9 July

Prime Minister Felipe Gonzalez of Spain cancels a planned tour of Cuba, Peru, and Ecuador that was to begin on 19 July.

Officials from a British chemical enterprise and the Cuban State Committee for Economic Cooperation agree to increase cooperation in public health, basic industries, and sugar.

10 July

Vilma Espin heads a delegation to Nairobi, Kenya, to participate in the UN women's conference.

Fidel Castro and Rene Rodriguez meet with visiting Colombian Congressman Dr. Jaime Betancur, who delivers a message from President Belisario Betancur.

11 July

Vice Foreign Minister Alarcon arrives in Montevideo and meets with President Sanguinetti and Foreign Minister Enrique Iglesias.

Uruguayan Foreign Trade General Director Isidoro Hodara, Foreign Ministry International Economic Affairs Director Jose Maria Areneo, and 25 Uruguayan industrialists arrive in Havana to discuss aspects of the recently reestablished trade relations between the two countries.

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13 July

Fidel Castro discusses Latin America's foreign debt with a Brazilian labor delegation that will participate in the trade union conference on 15 July.

Carlos Rafael Rodriguez meets in Havana with Eduardo Santos, Spain's Under Secretary of the Industry Ministry, who heads a delegation of Spanish industrialists.

Carlos Rafael Rodriguez denies that recent cabinet changes had anything to do with the 45-day postponement of the Third Party Congress.

15 July

President of the National Energy Commission Joel Domenech opens the "Energy Under the Revolution" exhibit in Havana. He says Cuba saved 225,000 tons of oil during the first half of the year.

The Latin American-Caribbean Workers Conference on the Foreign Debt opens in Havana with more than 300 labor leaders from 30 countries attending.

Prensa Latina reports that Fidel Castro has invited Latin American representatives to meet in Havana on 30 July to discuss the region's foreign debt.

16 July

Cuban Ambassador to the UN Oscar Oramas sends a letter to the president of the UN Special Committee on Decolonization accusing the United States of violating the Tlatelolco Treaty.

17 July

Havana press reports that Carlos Roca Caceres, Deputy of the American Revolutionary Popular Alliance of Peru, says Peru will establish relations with Cuba.

18 July

Labor leaders attending the debt conference pledge overwhelming support for Cuba's proposal that the region's foreign debt be canceled and agree that 23 October will be the "Day of Action Against the Foreign Debt."

Politburo member Pedro Miret heads the Cuban delegation to Nicaragua attending festivities commemorating the sixth anniversary of the Sandinista revolution.

According to Paris press reports, the Paris Club says Cuba's 10 leading creditor countries have agreed in principle to a major reorganization of the 1985 debt.

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- 19 July** Fidel Castro expresses "unwavering solidarity with Nicaragua against US aggression" in his message to Nicaraguans on the sixth anniversary of the 1979 Sandinista revolution.
- Deputy Foreign Trade Minister Manuel Estefania and Uruguayan official Isidoro Hodara sign economic agreements concerning industrial, agricultural, and meat products.
- 20 July** Peru's President-elect Alan Garcia rejects a call by Fidel Castro for Latin American nations to refuse to pay their combined foreign debt of \$350 billion.
- 22 July** Latin American journalists participate in a seminar on Latin American and Caribbean foreign debt at the Jose Marti International Journalist Institute in Havana.
- 23 July** Foreign Minister Malmierca arrives in Algeria and meets with President Chadli Bendjedid and Minister of Foreign Affairs Ahmed Taleb Ibrahim to discuss international matters and the Nonaligned Movement Ministerial Conference scheduled for September.
- Carlos Rafael Rodriguez receives the credentials of the new Nicaraguan Ambassador to Cuba, Luis Enrique Figueroa Aguilar.
- 26 July** Fidel Castro, speaking in Guantanamo City on the 32nd anniversary of the assault on the Moncada Barracks, blasts the United States for stationing troops on Guantanamo Bay.
- 29 July** Fidel Castro sends Peruvian President Alan Garcia best wishes for success in his new post and offers Cuba's support.
- Uruguayan President Sanguinetti praises the initiative by Fidel Castro to promote a continental dialogue on the foreign debt problem at a press conference in Lima.
- 30 July** The Latin America-Caribbean debt conference opens in Havana. Fidel Castro explains the general rules governing the meeting to the participants.
- 31 July** O Estado de Sao Paulo reports that Fidel Castro says his country "wants and wishes" to reestablish diplomatic relations with Brazil and he believes that Brazil may be "the key to the solution of the Latin American debt problem."

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